

JOHN COOK  
MAYOR

Joyce Wilson  
CITY MANAGER

CARMEN ARRIETA-CANDELARIA  
CHIEF FINANCIAL OFFICER



CITY COUNCIL  
ANN MORGAN LILLY, DISTRICT 1  
SUSANNAH M. BYRD, DISTRICT 2  
EMMA ACOSTA, DISTRICT 3  
MELINA CASTRO, DISTRICT 4  
RACHEL QUINTANA, DISTRICT 5  
EDDIE HOLGUIN JR., DISTRICT 6  
STEVE ORTEGA, DISTRICT 7  
BETO O'ROURKE, DISTRICT 8

## FINANCIAL SERVICES DEPARTMENT

September 19, 2008

To: Joyce Wilson, City Manager  
Through: William Studer, Deputy City Manager *WS*  
Carmen Arrieta-Candelaria, Chief Financial Officer *CA*  
From: Blanca B. Lorkowski, Treasury Services Coordinator *BBL*  
Subject: Quarterly Investment Report for the Period Ending August 31, 2008.

Submitted for your review and acceptance is the City of El Paso fourth quarter investment report including documentation of investments held and evaluation of investment performance. The Investment Officers have complied with the Public Funds Investment Act, the City's Investment Policy, and adopted Investment Strategies. All funds were invested to meet cash flow requirements for operations, capital projects, and debt service payments.

During this quarter the City bid two investments. The investment was made to satisfy a portfolio diversity requirement and to take advantage of the superior yield in the market. Daily available cash was placed into investment pools which outperformed the interest-bearing accounts. The five investment pools used by the City – TexStar, TexPool, Logic, Wells Fargo and Texas-Term – had an average yield of 2.310% for the quarter ended August 31, 2008.

The following is a summary comparison of selected information as of May 31, 2008 and August 31, 2008:

	4th Quarter 2008 August 31, 2008	3rd Quarter 2008 May 31, 2008
Principal Invested	\$151,557,106.54	\$227,205,963.97
Portfolio Book Value	\$151,526,218.17	\$227,200,287.89
Portfolio Fair Value	\$151,525,206.07	\$227,200,235.72
Weighted Average Maturity	227 Days	39 Days



The yields on portfolio investments and representative market securities are:

	August 31, 2008
Investment Pools	2.310%
U. S. Agency Securities	2.293%
Average 3-month T-bill Rate	1.770%
Average 6-month T-bill Rate	2.038%
Average 6-month CD Rate	2.040%
City Average Portfolio Yield	3.003%

Attached are additional charts and tables portraying the City's portfolio and summarized reports of portfolio position required by the Texas Public Funds Investment Act.

The change in the average portfolio yield for the quarter was 52.00 basis points higher at the end of quarter compared to the beginning of the quarter. This increase is due in the yields of the investment market in general. The City's current average portfolio yield was higher than the 3-month T-bill rate over the same period by 123.3 basis points.

c: Mayor John Cook and Council Members  
City Clerk

**ATTACHMENTS:**

- Chart - City Portfolio by Investment Type
- Chart - Portfolio Maturity
- Chart - Treasury Benchmark Yield Analysis
- Chart - Portfolio Performance Comparison
- Report - Total Return
- Report - Texas Compliance Summary
- Report - Texas Compliance Details

BBL \ quarterly report –August 31, 2008

**FINANCIAL SERVICES DEPARTMENT**

Two Civic Center Plaza • El Paso, Texas 79901-1196 • (915) 541-4435 • FAX (915) 541-4446





**City of El Paso**  
**Total Return**  
**Sorted by Security Type - Fund**  
**June 1, 2008 - August 31, 2008**  
**Yield on Time Weighted Value**

Investment Income												
CUSIP	Investment #	Fund	Investment Class	Beginning Invested Value	Time Weighted Invested Value	Ending Invested Value	Maturity Date	Current Rate	Total Return	Interest Earned	Adjustment In Value	Net Investment Income
Security Type: Federal Agency Discount Note												
3128X7WA8	510000055	01	Amortized	10,409,323.92	10,409,323.92	10,410,283.85	11/27/2009	0.036	0.037	0.00	959.93	959.9
			Subtotal	10,409,323.92	10,409,323.92	10,410,283.85			0.037	0.00	959.93	959.9
Security Type: Federal Agency Coupon Securities												
3136F9XF5	510000056	01	Amortized	0.00	21,289,434.78	39,973,827.78	07/14/2010	4.050	3.975	211,500.00	1,827.78	213,327.7
			Subtotal	0.00	21,289,434.78	39,973,827.78			3.975	211,500.00	1,827.78	213,327.7
Security Type: Investment Pools												
608352	5060000007	01	Amortized	0.00	0.00	0.00		0.836		0.00	0.00	0.0
746000749	5010000007	01	Amortized	9,976,748.70	9,998,794.02	10,041,223.39		2.580	2.597	65,445.86	0.00	65,445.8
SYS5010000008	5010000008	01	Amortized	0.00	0.00	0.00				0.00	0.00	0.0
071031111000	5020000007	01	Amortized	65,380,361.64	47,412,926.28	7,650,288.48		2.288	1.617	193,210.74	0.00	193,210.7
746000749	5030000007	01	Amortized	45,122,700.96	27,950,358.67	2,779,148.22		2.212	1.240	87,370.29	0.00	87,370.2
TX0103050001	5010000007	01	Amortized	0.00	0.00	0.00		5.410		0.00	0.00	0.0
12826111	5060000010	01	Amortized	2,335,231.54	3,411,050.74	4,952,998.69		2.082	2.401	20,645.07	0.00	20,645.0
SYS524	524	01	Amortized	5,000,000.00	3,858,695.65	0.00		2.600	4.797	46,657.53	0.00	46,657.5
SYS525	525	01	Amortized	6,000,000.00	6,000,000.00	6,000,000.00		2.530	2.530	38,261.92	0.00	38,261.9
SYS523	523	01	Amortized	6,000,000.00	3,326,086.96	0.00		2.720	5.920	49,630.69	0.00	49,630.6
SYS530	530	01	Amortized	0.00	706,521.74	5,000,000.00		2.740	2.740	4,879.45	0.00	4,879.4
SYS526	526	01	Amortized	0.00	4,728,260.87	5,000,000.00		2.560	2.560	30,509.59	0.00	30,509.5
SYS522	522	01	Amortized	20,000,000.00	10,869,565.22	0.00		2.750	6.050	165,753.43	0.00	165,753.4
SYS528	528	01	Amortized	0.00	6,086,956.52	10,000,000.00		2.700	2.700	41,424.66	0.00	41,424.6
SYS529	529	01	Amortized	0.00	2,608,695.65	10,000,000.00		2.710	2.710	17,819.18	0.00	17,819.1
SYS527	527	01	Amortized	0.00	4,456,521.74	10,000,000.00		2.740	2.740	30,778.08	0.00	30,778.0
SYS516	516	01	Amortized	0.00	0.00	0.00		4.960		0.00	0.00	0.0
SYS521	521	01	Amortized	5,000,000.00	3,532,608.70	0.00		2.640	6.377	56,778.08	0.00	56,778.0
SYS512	512	01	Amortized	0.00	0.00	0.00		5.480		0.00	0.00	0.0
SYS513	513	01	Amortized	0.00	0.00	0.00		5.600		0.00	0.00	0.0
SYS511	511	01	Amortized	0.00	0.00	0.00		5.220		0.00	0.00	0.0
SYS514	514	01	Amortized	0.00	0.00	0.00		5.130		0.00	0.00	0.0
SYS5060000011	5060000011	01	Amortized	37,480,446.61	31,553,388.94	25,981,668.66		2.390	5.646	449,048.02	0.00	449,048.0



CUSIP	Investment #	Fund	Investment Class	Beginning Invested Value	Time Weighted Invested Value	Ending Invested Value	Maturity Date	Current Rate	Total Return	Investment Income			
										Interest Earned	Adjustment In Value	Net Investor Income	
Security Type: Investment Pools													
SYS515	515	01	Amortized	0.00	0.00	0.00		4.700		0.00	0.00	0.0	
SYS518	518	01	Amortized	0.00	0.00	0.00		4.600		0.00	0.00	0.0	
SYS519	519	01	Amortized	0.00	0.00	0.00		2.960		0.00	0.00	0.0	
SYS517	517	01	Amortized	0.00	0.00	0.00		4.300		0.00	0.00	0.0	
SYS520	520	01	Amortized	10,000,000.00	2,717,391.30	0.00		2.600	2.600	17,808.22	0.00	17,808.2	
332150	5060000008	02	Amortized	0.00	0.00	0.00		2.350		0.00	0.00	0.0	
12828893	5060000009	02	Amortized	4,495,474.52	3,749,875.85	3,736,779.10		2.082	1.980	18,716.40	0.00	18,716.4	
Subtotal				216,790,963.97	172,967,698.85	101,142,106.54			3.062	1,334,737.21	0.00	1,334,737.2	
Total				227,200,287.89	204,666,457.55	151,526,218.17			3.003	1,546,237.21	2,787.71	1,549,024.9	

Components of Return: Interest: 2.997  
Amortization: 0.005  
Market Value:





**City of El Paso**  
**Texas Compliance Summary**  
**Sorted by Investment Class**  
**June 1, 2008 - August 31, 2008**

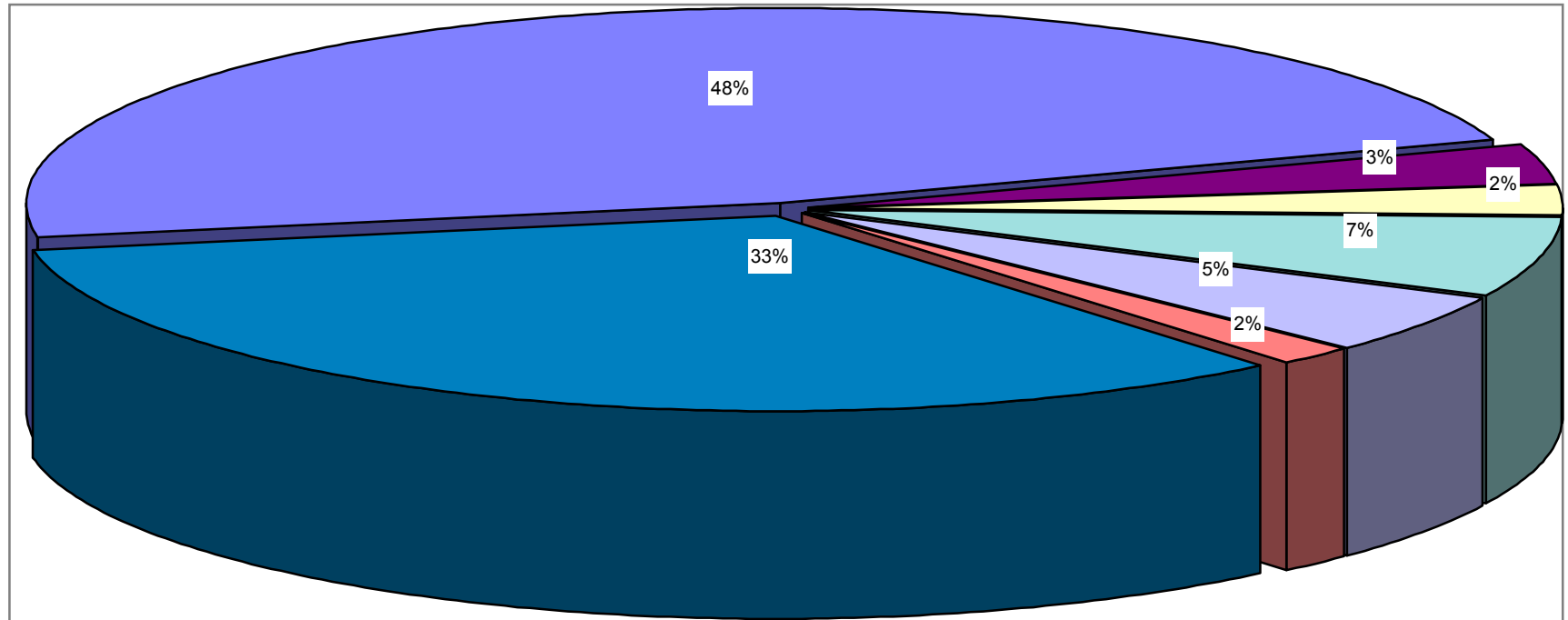
Investment Class		Par Value	Market Value	Book Value	Accrued Interest
Amortized Cost	Value beginning 06/01/2008	227,205,963.97	227,200,235.72	227,200,287.89	5,841,409.12
	Net Change	-75,648,857.43	-75,675,029.65	-75,674,069.72	199,293.40
	Value ending 08/31/2008	151,557,106.54	151,525,206.07	151,526,218.17	6,040,702.52
Total	Value beginning 06/01/2008	227,205,963.97	227,200,235.72	227,200,287.89	5,841,409.12
	Net Change	-75,648,857.43	-75,675,029.65	-75,674,069.72	199,293.40
	Value ending 08/31/2008	151,557,106.54	151,525,206.07	151,526,218.17	6,040,702.52



City of El Paso  
Texas Compliance Details  
Sorted by Investment Class  
August 31, 2008

CUSIP	Investment #	Fund	Issuer	Investment Type	Par Value	Maturity Date	Call Date	Current Rate	Market Price	Market Date	Market Value	Book Value
Investment Class: Amortized Cost												
746000749	5010000007	01	Logic Investment Pool	PA1	10,041,223.39			2.580	100.000	02/29/2004	10,041,223.39	10,041,223.39
071031111000	5020000007	01	TEXPOOL Investment Pool	PA1	7,650,288.48			2.288	100.000	05/31/2000	7,650,288.48	7,650,288.48
746000749	5030000007	01	Texstar	PA1	2,779,148.22			2.212	100.000	02/29/2004	2,779,148.22	2,779,148.22
12828893	5060000009	02	WELLS FARGO GOVERNMENT MMF	PA1	3,736,779.10			2.082	100.000	03/09/2005	3,736,779.10	3,736,779.10
12826111	5060000010	01	WELLS FARGO GOVERNMENT MMF	PA1	4,952,998.69			2.082	100.000	04/05/2005	4,952,998.69	4,952,998.69
SYS506000011	5060000011	01	Texas Term	PA1	25,981,668.66			2.390	100.000	06/05/2007	25,981,668.66	25,981,668.66
SYS525	525	01	Texas Term	PA1	6,000,000.00			2.530	100.000	05/20/2008	6,000,000.00	6,000,000.00
SYS526	526	01	Texas Term	PA1	5,000,000.00			2.560	100.000	06/06/2008	5,000,000.00	5,000,000.00
SYS527	527	01	Texas Term	PA1	10,000,000.00			2.740	100.000	07/22/2008	10,000,000.00	10,000,000.00
SYS528	528	01	Texas Term	PA1	10,000,000.00			2.700	100.000	07/07/2008	10,000,000.00	10,000,000.00
SYS529	529	01	Texas Term	PA1	10,000,000.00			2.710	100.000	08/08/2008	10,000,000.00	10,000,000.00
SYS530	530	01	Texas Term	PA1	5,000,000.00			2.740	100.000	08/19/2008	5,000,000.00	5,000,000.00
3128X7WA8	5100000055	01	FREDDIE MAC	AFD	10,415,000.00	11/27/2009		0.036	99.945	05/27/2008	10,409,271.75	10,410,283.85
3136F9XF5	5100000056	01	Federal National Mortgage Assn	FAC	40,000,000.00	07/14/2010		4.050			39,973,827.78	39,973,827.78
				Subtotal	151,557,106.54							151,525,206.07
				Total	151,557,106.54							151,525,206.07

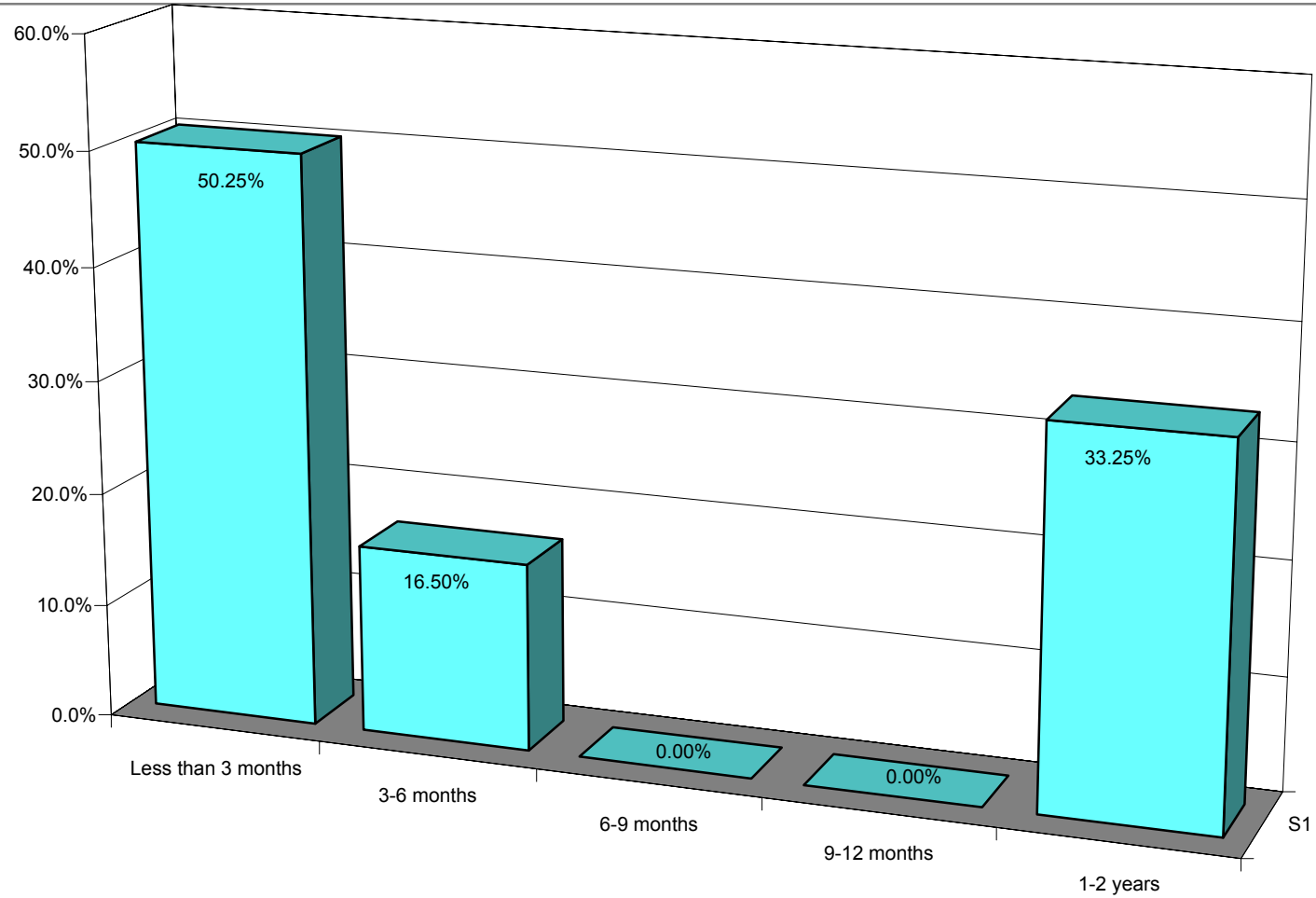
City Portfolio by Investment Type  
As of August 31, 2008



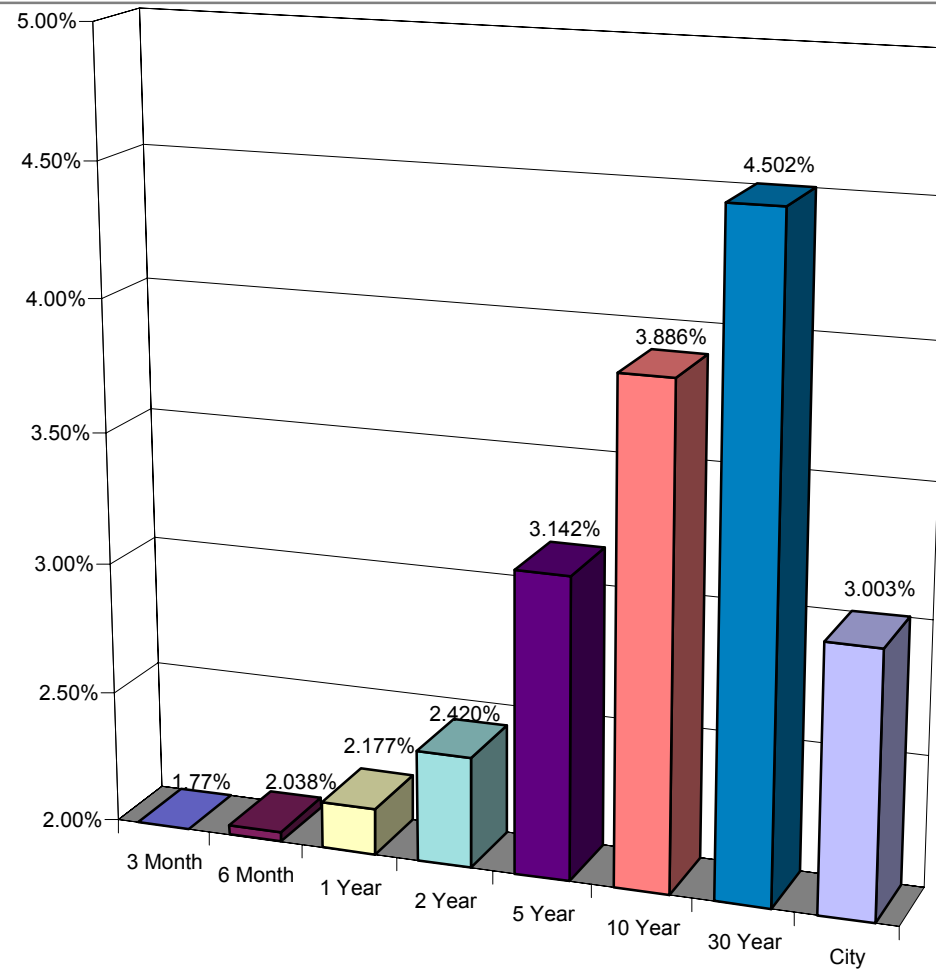
- Texas Term
- Wells Fargo-City
- Wells Fargo-PFC
- Logic Investment Pool
- Texpool Investment Pool
- Texstar Investment Pool
- Agency Notes



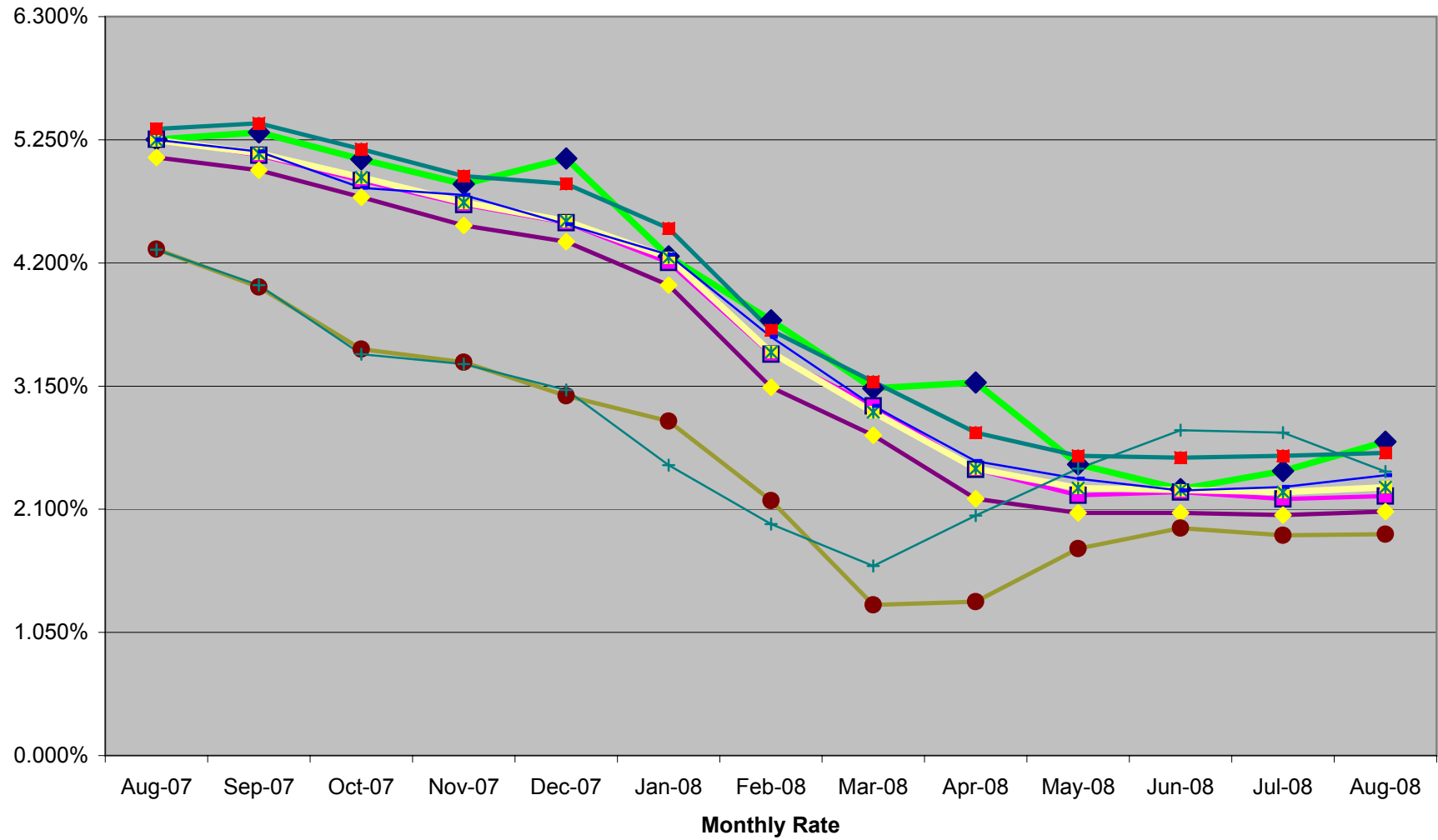
**Portfolio Maturity**  
**As of August 31, 2008**



**Treasury Benchmark Yield Analysis**  
**As of August 31, 2008**



Portfolio Performance Comparison for the Period August 2007 through August 2008



City TexStar TexPool Logic Texas Term Wells Fargo 3 Month TBill 2 Yr TNote